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RAILROAD LABOR AND THE LABOR PROBLEM

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THE primary purpose of the Academy of Political Science is educational. It was founded in recognition of the fact that there is a large and growing body of Americans who wish really to understand both sides of the questions that concern us as citizens. As a contribution to our educational program these meetings to discuss the Railroads and Business Prosperity are especially significant. They are a deliberately planned follow-up of the similar meetings which the Academy held in November, 1919, on Railroad Legislation.

At that time, as you will all recall, Congress was wrestling with the problem of the terms on which the railroads should be turned back to their owners. The sessions of the Academy then held dealt with every important phase of that subject. Senator Cummins explained the virtues of his bill. Representative Merritt told why the House bill, the Esch Bill, was a better measure. An interstate commerce commissioner, railroad executives, railroad labor union officials, spokesmen for shippers, for the stockholders and for the public, and the inevitable professors, were all given opportunity to present their views. There resulted a volume of PROCEEDINGS which contributed greatly to the enlightenment of our members, of the public, and even of Congress, as the good features—I will say nothing of the others—of the Transportation Act of 1920, which soon followed, clearly demonstrated.

Today we come together to appraise that measure in actual operation. As two years ago, so today, we are still confronted by the railroad labor problem as the most difficult aspect of the whole railroad question. I have been asked to relate the problem to the labor problem in general. The relation seems to me so obvious that I need take but a few minutes of your time to characterize it.

The railroads have long been recognized as a business “affected with a public interest”, a “public utility”, as the phrase

goes. This means that while their business is not government business it is also not strictly private business. In recognition of its quasi-public nature we began thirty-five years ago to subject the charges they might impose and the quality of service they must render to regulation through the Interstate Commerce Commission. Just as the railroads occupy a middle ground between public business and private business, so railroad employees occupy a middle position between public employees and private employees. We have been very slow in realizing just what this implies. For many years we placed sole reliance on mediation and voluntary arbitration to adjust railroad labor disputes. Even the Transportation Act, while creating the Railroad Labor Board, is vague in its definition of the powers of this Board and provides no adequate sanction for the enforcement of the Board's decisions.

This deliberation in recognizing the quasi-public nature of railway employment and extending to railway employees some of the protection as regards certainty and continuity of status and some of the responsibility as regards regularity in the performance of their duties that apply to public employees, reflects the difficulty of the problem. It is well that we are taking ample time to settle the railroad labor problem. It is helpful that the timid steps toward an adequate railroad labor policy in the Transportation Act are being subjected to judicial review, even if some of the decisions seem to weaken rather than to strengthen the labor provisions of that measure. The goal to be aimed at is coming to be more and more clearly perceived by all concerned. As regards the public it is maximum efficiency on the part of the railroad employees and protection against the interruption of railroad service; as regards the employees it is the "just and reasonable" wages and working conditions prescribed by the Transportation Act, coupled with such participation in the determination of those conditions as will call forth loyal and efficient service; as regards railroad executives it is such degree of control over the operation of the railroads as will enable them to do their work efficiently and to secure the most loyal and efficient cooperation of their fellow employees. As regards the owners of railroad securities it is such an adjustment of labor costs to revenues as will afford them a fair and reasonable return on their bonafide investments.

I shall not anticipate the speakers who succeed me by attempting to say how this goal is to be attained. But, considering together these different aims, there are two principles which in the future development of our railroad labor policy should, in my judgment, receive clearer recognition. The first is the principle that the operating employees and the shop employees present separate and distinct problems. Continuous service on the part of the operating employees on every division of every railroad system in the country is essential to the public welfare. This is not true of the shop employees of any railroad. In my opinion only harm and confusion have resulted from trying to apply exactly the same method for adjusting disputes to the operating employees and to the shop employees. Operating employees are quasi-public employees in a sense that entitles them, in return for guarantees of continuous service, to a definite and fully protected status. Shop employees are little, if at all, different as regards the importance of the services they render from private employees in the many private plants which do the same work for the railroads in some sections of the country that is done by the railroad shops in other sections. As I am a strong believer in leaving labor questions to voluntary adjustment, under proper safeguards protecting the right of the individual employee to organize, I do not believe that any useful purpose would be served by restricting the right of shop employees to strike should they desire, at any rate, unless and until we come to adopt such a policy for other employees in manufacturing and repair plants. On the other hand, if the operating employees should ever again attempt to exercise the right to strike, which they enjoy, there are clear indications that public opinion would demand its curtailment. Such curtailment would be fair and proper only if it were coupled with the adoption of standards as regards wages and working conditions and continuity of employment that made the use of the strike weapon clearly no longer necessary as a means of securing the just and reasonable conditions, which the Transportation Act prescribes.

The other principle is that whatever public authority is charged with adjusting disputes involving the operating employees, it must recognize that it is its duty to seek and find some other and better basis for determining wages and work-

ing conditions than reliance on settlements that may be imposed by railroad executives through their superior power, or that may be wrung from such executives because of the superior power of the organized employees. From this point of view the statement with which the Railroad Labor Board prefaced the first wage decision which it rendered on July 20, 1920, advancing wages for the collective railroad employees of the country, was highly disappointing. It said: "The Board has been unable to find any formula which, applied to the facts, would work out a just and reasonable wage for the many thousands of positions involved in this dispute." The objection to this statement is not that it would have been reasonable to expect the Board to find such a formula after its few weeks' study of the problem but that it implies that no such formula or formulæ are to be found. If, instead of contenting itself with such a pessimistic utterance as regards the possibility of placing its decisions on a scientific and defensible basis, it had recognized the grounds for distinguishing between operating employees and shop employees, and indicated its determination to seek a proper basis for the determination of the wages and working conditions of operating employees, so that in its decisions rules would in time be laid down which would justify curtailing the right of operating employees to interrupt the railroad service of the country, the public would now entertain a much higher opinion of the Board and much greater confidence in its ability to lead in the solution of the railroad labor problem.